City of Sandy Springs, Georgia

Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2009





City of Sandy Springs, Georgia

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

SANDY SPRINGS
GEORGIA

Prepared by:

Finance Department

CITY HALL
7840

Submitted by:

City Manager

John McDonough



CITY OF SANDY SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

Prepared by:
Finance Department

Submitted by:
John F. McDonough
City Manager

CITY OF SANDY SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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CITY OF SANDY SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory



SANDY SPRINGS
GEORGIA

SANDY SPRINGS
GEORGIA

February 17, 2010

Honorable Eva Galambos, Mayor,
Members of the City Council,
and Citizens of Sandy Springs, Georgia

Ladies and Gentlemen:

State law and local ordinances require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended June 30, 2009. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City of Sandy Springs (the "City").

This report has been prepared in accordance with State statutes set forth in an Act providing uniform standards for audits of municipalities and counties within the State of Georgia, approved March 28, 1968 (p. 464), and as amended by an Act approved April 21, 1968 (GA Laws 1997, p. 883). Mauldin and Jenkins, CPAs, have issued an unqualified ("clean") opinion on the City of Sandy Springs' financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD & A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD & A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

As one of Georgia's newest cities, Sandy Springs was incorporated in December of 2005 after overcoming a thirty-year struggle for independence. Located just north of the City of Atlanta, Sandy Springs occupies a land area of 37.7 square miles and serves a population of 99,808 (2000 U.S. Bureau of Labor Statistics - American Community Survey (ACS) Population Estimate). Sandy Springs is home to one of the largest business districts in the state and is proud to host the largest suburban building in the United States, the 570 foot Concourse Towers. Sixteen miles of shoreline from the Chattahoochee River are located within the jurisdiction, creating a unique recreational opportunity in a metropolitan setting.

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Policy making and legislative authority of the government is vested in the mayor and six council members, who are elected for four-year terms on a non-partisan basis. Each of the council members is elected by district and the mayor is elected at large by popular vote. The mayor and council members serve until their successors are qualified and certified. Terms of office begin at the certification of the election and swearing into office. Elections are held every four years. The Mayor appoints, subject to confirmation by the council, a City Manager to carry out the administrative operations of the government. The City is empowered to levy a property tax on both real and personal property located within its boundaries and is able to levy all other taxes granted to municipalities within the State of Georgia.

The City operates under a council/manager form of government, where the Council is the legislative authority and the Mayor possesses all of the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Sandy Springs charter. The City Manager maintains all of the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's charter.

Deploying a non-traditional approach to government services, the City enjoys one of the largest contracts held by a municipal government for outsourced services and operations. The City provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. Sanitation services are provided through relationships with private carriers. Water and sewer services are delivered to residential and commercial properties by the City of Atlanta and Fulton County via intergovernmental agreements. The City created a legally separate entity, the City of Sandy Springs Public Facilities Authority (the "Authority"), to assist with the funding of capital projects. Financial information for the Authority has not been included within this document since the Authority has been inactive to date.

The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The Mayor and Council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. Since Fiscal Year 2007, the budgeting process included performance management initiatives. The City Manager may transfer resources within a department (within a fund) as deemed necessary. Transfers between departments or funds, however, need special approval from the City Council.

Local Economy

Sandy Springs is Georgia's sixth largest City and has an estimated population of 99,808. The population is anticipated to grow to 108,868 by the Year 2014, with an annual estimated growth rate of 1.76%. The commercial real estate market is complemented by the area's largest transportation systems intersecting within the City, I-285 and Georgia 400. These transportation arteries are two of the most heavily traveled in the region. The City is served by the Metropolitan Atlanta Rapid Transit Authority, comprised of fixed rail passenger trains and a bus system.

Sandy Springs is home to several Fortune 500 Companies, including United Parcel Service (UPS), Newell Rubbermaid, Spectrum Brands, Mirant, and Mueller Water Products. The City's commercial

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properties comprise over 45% of the total tax digest by property value, ensuring a strong economic environment for the government. Sandy Springs also hosts four of the region's largest health care hospitals; Northside Hospital, Saint Joseph's, Kaiser Permanente, and Children's Healthcare at Scottish Rite Hospital. This concentration of health care facilities is one of the largest in the Southeast.

This past year, there were 45,097 households in the City. The average household size was 2.39 people. Families made up 54 percent of the households in Sandy Springs. This figure includes both married-couple families (42 percent) and other families (11 percent). Non-family households made up 45 percent of all households. Most of the non-family households were comprised of people living alone. However, some consisted of individuals living in households in which no one was related to the head of household.

The most common occupations found in Sandy Springs were: management, professional, and related occupations, 55%; sales and office occupations, 44%; service occupations, 12%; construction, extraction, maintenance and repair occupations, four percent; and production, transportation, and material moving occupations, three percent. 85% of the people employed were private wage and salary workers; six percent were federal, state, or local government workers; and nine percent were self-employed on their own and were not incorporated business workers.

The median income of households in Sandy Springs was $78,338. Eighty-eight percent of the households received earnings and thirteen percent received retirement income other than Social Security. Nineteen percent of the households received Social Security. These income sources are not mutually exclusive; that is, some households received income from more than one source. Ninety-six percent of people 25 years and over had at least graduated from high school and 65 percent had a bachelor's degree or higher. Twenty-three percent had a graduate or professional degree.

Sandy Springs has been named by Forbes.com as one of America's top 25 towns to live well in 2009. The study considered factors including employment rates quality of life, weather, natural beauty, concentration of businesses and the school systems.

National Economy

The Federal Reserve has taken extraordinary steps through the American Recovery and Reinvestment Act of 2009, an intergovernmental partnership initiative of historic scale, to maintain the credit markets. At the State level, revenue shortfalls are requiring significant budget reductions and negatively impact local government funding as the State reduces programs to live within its means. Challenges facing local government are expected to mount as the demand for services grow while revenue sources struggle to achieve last year's levels and costs continue to climb.

ICMA recently conducted a "state of Profession" survey with more than 80 percent of the 2,200 local governments that responded reporting that they have been "moderately" to "severely" affected by the financial crisis and experienced an average budget shortfall of more than eight percent for 2010. In short, the recession has changed the way governments operate at the local level. Short-term solutions of leaving vacant positions unfilled, deferring capital projects, and implementing targeted cuts in

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expenditures will not resolve the issue entirely. These steps implemented during the recession, now represent a new way of doing business that will continue beyond this fiscal crisis.

The economy will need years to recover from the anxiety, lack of consumer confidence and financial fear that transpired these past two years. Most economists and financial professionals remain somewhat optimistic that a recovery will occur but not until the end of next year. This slowed growth will continue to affect Sandy Springs as the economy recovers.

Long-term Financial Planning

As detailed within the following financial statements, the City's policy to maintain a minimum General Fund balance reserve was increased this year to achieve a 25% of operating expenditures reserve. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures. The City achieved this goal with the adoption of the FY2009 budget.

As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services. The City's operating millage rate of 4.731 mills is statutorily set and cannot be changed without a referendum. In addition, when residential property is reassessed, if a homeowner has filed for the proper homestead exemption, the assessment cannot be raised more than 3% (or the rate of inflation) in any one year for city taxes. Neighboring jurisdictions are not bound by the 3% cap in the utilization of increased assessments. Thus, with the homestead exemptions, the Sandy Springs property tax can only rise 3% for homeowners.

Despite the negative impacts to the US economy, Sandy Springs continues to enjoy a strong financial outlook. The total property tax valuations in the City increased slightly over the past year. Over one-third of the increase in the digest (and eventually of property tax collections) is due to new construction. This, of course, means more (housing) residents or more office workers all of which require more city services. The remaining increase is attributable to two primary factors. First, there were a large number of assessments of commercial properties. This occurred because commercial reassessments lagged for many years in Fulton County. Efforts are now underway to correct this lag. Second, there was an increase in the number of assessments for residential properties. This was reflected by an increase in assessments for rental properties (not eligible for the homestead exemption) or where homeowners failed to file for the proper homestead exemption.

The City is expected to continue developing as an economic hub and preferred location for business and residential investment. Through planned growth and suitable expansion consistent with existing zoning, the governing body approved several distinctive commercial developments during Fiscal Year 2009. Additionally, the commercial community continues to experience significant re-development through builders and investors developing mixed use areas.

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Relevant Financial Policies

Throughout the year, the Finance Department administered the City Council approved Financial Management Program, which outlines policy within which the government's finances are maintained. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On an annual basis, the criteria establishing the Financial Management Program are reviewed to maintain relativity to the changing financial needs of the government.

Major Initiatives

Fiscal Year 2009 was the third full year of service since the City's incorporation. Major items implemented during the course of this past year include:

City Council Budget Priorities

The budget adopted by the City Council established priorities including: Commitment to Outstanding Customer Service, Public Safety Services, Transportation Improvements, Planning and Zoning and Recreation. The budget called for no millage or fee rate increase, ensured financial stability; emphasized long-term stability; focused on public safety services and provided substantial capital funding to address a significant backlog of existing infrastructure deficiencies.

The budget was developed with significant input from City Council and is based upon established priorities and refined rankings from a series of budget workshops. The capital improvement program was allocated significant resources to improve our infrastructure; particularly in the area of parks, roads and bridges, sidewalks and storm water drainage facilities to address a significant backlog of existing infrastructure deficiencies.

Furthermore, City Council made the determination to re-invest a one-time $7.2 million of undesignated fund balance to expedite existing capital projects. As part of the budget planning process, the Mayor and Council further refined the City's Capital priorities, ranked and subsequently funded these projects as follows:

1. Pavement Management/Resurfacing
2. Park Improvement Projects
3. Capital Improvement Plan Concept Projects
4. Sidewalk Improvements
5. Traffic Signals, Signs and Marking Projects
6. Intersection Improvement Program
7. Facilities
8. Bridge Maintenance Program

Sandy Springs made significant progress in addressing our community priorities. We implemented bold new initiatives and the startup of a joint (E-911) public safety answering and dispatch authority in

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partnership with the City of Johns Creek. We continued to enhance a state of the art traffic management center to improve travel times on our streets. Our Sidewalks to Schools Program saw the installation of thousands of feet of new sidewalks making it safer for our children and residents to walk to school facilities. We continued to make significant maintenance and upgrades to our park system and funded over $6.5 million to complete Morgan Falls Athletic Fields and Overlook Park.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandy Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended June 30, 2008. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We are pleased to present the City's third Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our current CAFR continues to meet the program's requirements.

The preparation of this report is possible because of the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for the unfailing support for maintaining the highest standards of professionalism in the oversight of the City's finances.

Respectfully submitted,

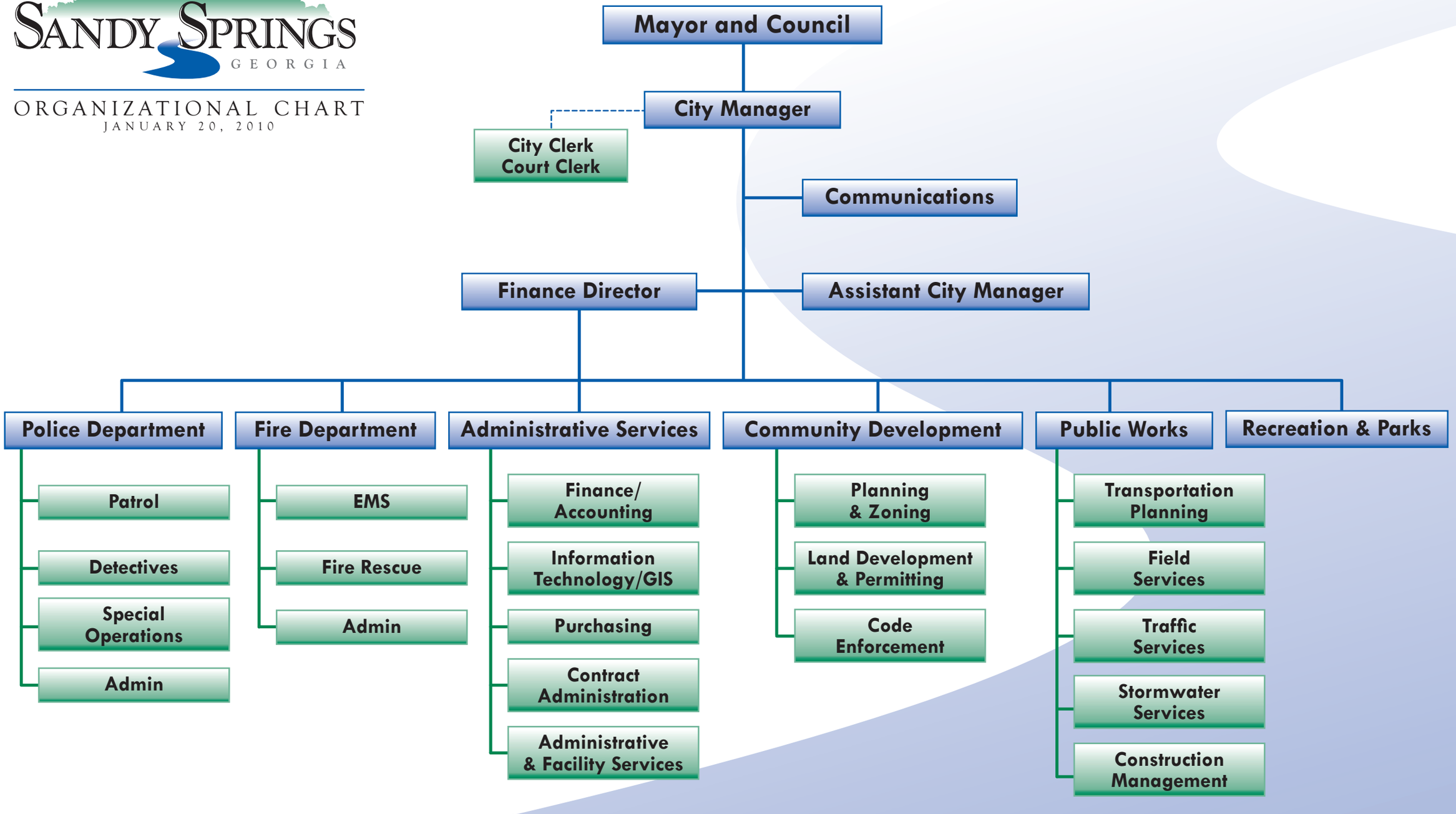
John McDonough
City Manager

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SANDY SPRINGS
GEORGIA

ORGANIZATIONAL CHART

JANUARY 20, 2010



Mayor and City Council

Elected officials and manager as of June 30, 2009



Mayor
Eva Galambos



Councilmember
Tibby DeJulio



Councilmember
Dianne Fries



Councilmember
Doug MacGinnitie



Councilmember
Ashley Jenkins



Councilmember
Karen McEnerny



Councilmember
Rusty Paul



City Manager
John McDonough



City of Sandy Springs, Georgia

Listing of principal officials

Finance Director
Amy Davis, C.P.A.

City Clerk
Michael Casey

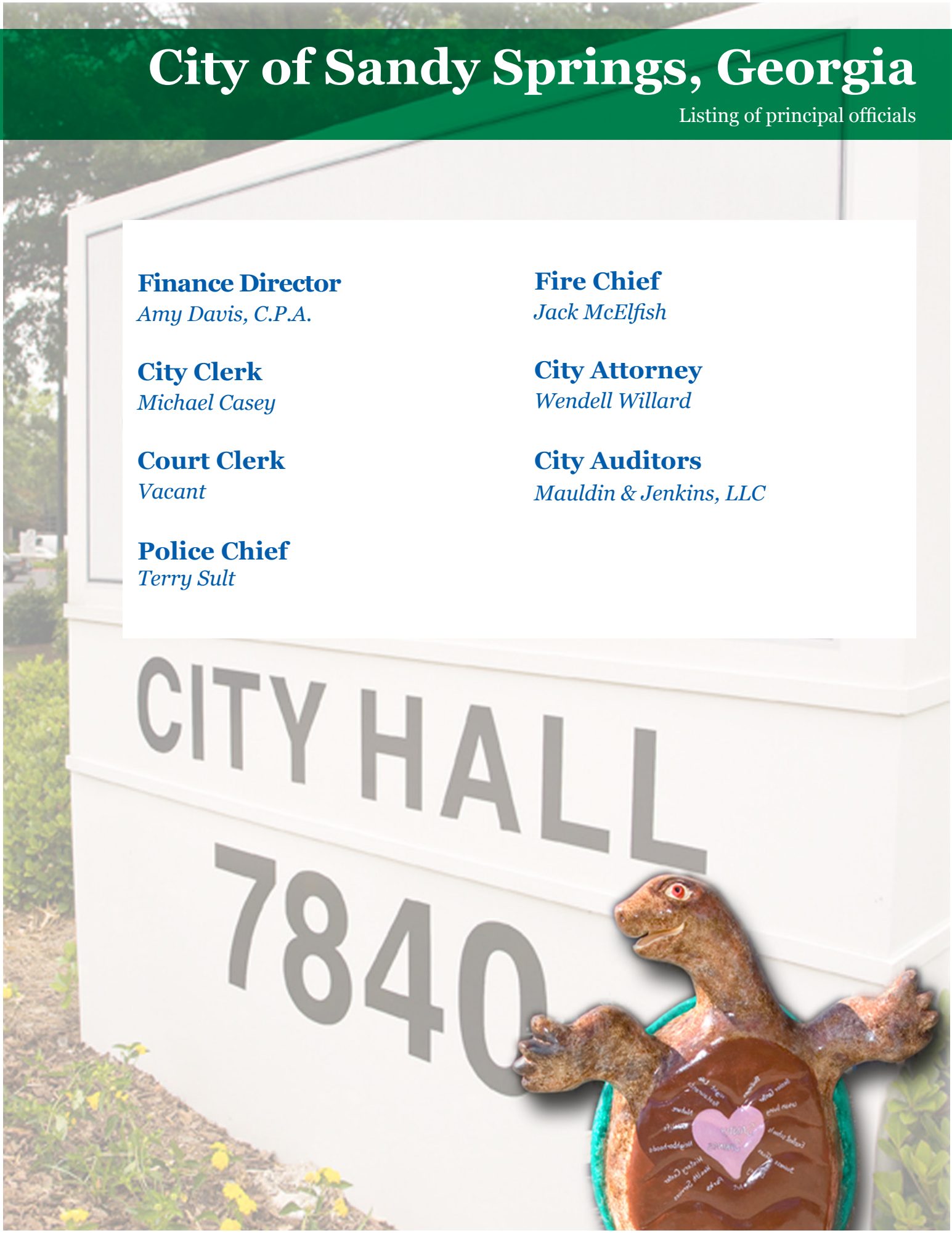
Court Clerk
Vacant

Police Chief
Terry Sult

Fire Chief
Jack McElfish

City Attorney
Wendell Willard

City Auditors
Mauldin & Jenkins, LLC



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sandy Springs
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.





President



Executive Director

Financial



SANDY SPRINGS
GEORGIA

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council of the
City of Sandy Springs, Georgia

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Sandy Springs, Georgia**, as of and for the year ended June 30, 2009, which collectively comprise the City of Sandy Springs, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Sandy Springs, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandy Springs, Georgia as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2010, on our consideration of the City of Sandy Springs, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and 35 through 37 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sandy Springs, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Atlanta, Georgia
February 16, 2010

CITY OF SANDY SPRINGS, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Sandy Springs (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal period by $183,085,229 (total net assets). Of this amount $48,473,993, (unrestricted net assets) is available to meet the ongoing obligations of the government and represents an increase of $3,610,097 from the prior year.
- The City's increase in net assets was $21,001,196 during the fiscal period.
- As of the close of the current fiscal period, the City's governmental funds reported combined ending fund balances of $45,492,168. This represents a slight increase of $820,857 over the prior year in spite of a severe recession.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, housing and community development.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, capital projects and federal grant funds, which are considered to be major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement has been provided for each of the general fund and each of the special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of cash appearance bond related activity for municipal court.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedules as presented on a generally accepted accounting principal basis in this section. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 35 through 37 of this report.

The combining and individual fund statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 38 through 47 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $183,085,229. This represents a $21,001,196, or 13% increase over last year.

The largest portion of the City's net assets, $134,611,236, reflects its investment in capital assets (e.g., buildings, machinery and equipment roadways, sidewalks, culverts, equipment and signals); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the City's net assets represents unrestricted net assets $48,473,993 that is available to meet the ongoing obligations of the government. This is an increase of $3,610,097 or 8.1%, and represents 67% of total expenses. This percentage is well above the average for similar sized municipalities.

The City has current assets of $58,180,946. These assets include $48,595,074 of cash and cash equivalents. This is an increase of $6,319,744, or 12.2% over the prior year.

The City's capital assets are $139,566,873 which represents an increase of $14,483,685, or 11.6% over the prior year. During fiscal 2009, a re-evaluation of the city's stormwater infrastructure was undertaken. As a result, an additional $33,816,328 of stormwater assets were recorded to beginning balances. There was $19,422,116 of capital asset additions made during the year, primarily infrastructure projects related to road widening and intersection upgrades.

Long term liabilities have decreased by $3,266,252 or 39% as the City continues to payoff capital leases related to the initial acquisitions of automobiles and other public safety equipment for fire and police operations.

At the end of the current fiscal period, the City reported positive balances in both net assets categories.

City of Sandy Spring's Net Assets

	Governmental Activities		Dollar Increase	
	2009	2008	(Decrease)	Percent
Assets				
Current assets	$ 58,180,946	$ 51,861,202	$ 6,319,744	12.19 %
Capital assets, net of accumulated depreciation	139,566,873	125,083,188	14,483,685	11.58
Total assets	197,747,819	176,944,390	20,803,429	11.76
Liabilities				
Current liabilities	8,712,627	5,831,426	2,881,201	49.41
Long-term liabilities	5,949,963	9,028,931	(3,078,968)	(34.10)
Total liabilities	14,662,590	14,860,357	(197,767)	(1.33)
Net assets				
Invested in capital assets, net of related debt	134,611,236	117,220,137	17,391,099	14.84
Unrestricted	48,473,993	44,863,896	3,610,097	8.05
Total net assets	$ 183,085,229	$ 162,084,033	$ 21,001,196	12.96 %

Governmental activities. From inception and continuing through 2009, management has focused on acquiring human as well as physical infrastructure for ongoing City activities. Fiscal 2009 reflects normal operating activities as management has focused more on activities which have a direct impact on its citizens such as parks and road improvements.

Charges for services, which includes fines and forfeitures, and licenses and permits, decreased ($966,270), or 11% as a result of the recession. Capital grants and contributions decreased ($2,259,609) or (37%) because the prior year included approximately $5 million in donated assets. Property taxes have increased $2,043,131 or 6.8% as a result of increased commercial assessments by Fulton County. Sales and use taxes decreased ($3,339,830) or (13.3%); Hotel /motel taxes decreased ($683,328) or (15.6%), and business taxes decreased (2,464,441) or (14.3%), respectively, due to the recession. Investment earnings have decreased ($441,137) or (31.6%) due to the lowering of interest rates by the federal reserve. General government expenses have increased $1,293,002 or 9.4% as a result of increased services by the City's private contractor. Public safety expenses increased $2,713,660 or 11.8% due to increases in staffing of the fire stations. Public works expenditures have increased $3,301,825, or 20% as capital improvement programs have allocated significantly more resources to improve our infrastructure; particularly in the area of parks, roads and bridges, sidewalks and storm water drainage facilities to address a significant backlog of existing infrastructure deficiencies. Culture and recreation expenses have decreased ($881,268) or (18.7%) which are directly tied to the decrease in hotel/motel taxes which are designated for these purposes.

City of Sandy Spring's Changes in Net Assets

	Governmental Activities		Dollar Increase	
	2009	2008	(Decrease)	Percent
Revenues				
Program revenues:				
Charges for services	$ 7,513,248	$ 8,479,518	$ (966,270)	(11.40) %
Operating grants and contributions	17,397	85,068	(67,671)	(79.55)
Capital grants and contributions	3,911,180	6,170,789	(2,259,609)	(36.62)
General revenues:				
Property taxes	31,870,456	29,827,325	2,043,131	6.85
Sales taxes	21,652,231	24,992,061	(3,339,830)	(13.36)
Hotel/motel taxes	3,691,845	4,375,173	(683,328)	(15.62)
Franchise taxes	8,561,728	8,227,077	334,651	4.07
Business taxes	14,710,181	17,174,622	(2,464,441)	(14.35)
Unrestricted investment earnings	953,901	1,395,038	(441,137)	(31.62)
Gain on sale of capital assets	-	19,498	(19,498)	(100.00)
Miscellaneous revenues	378,119	669,505	(291,386)	(43.52)
Total revenues	93,260,286	101,415,674	(8,155,388)	(8.04)
Expenses				
General government	15,111,854	13,818,852	1,293,002	9.36
Judicial	1,149,765	955,759	194,006	20.30
Public safety	25,720,258	23,006,598	2,713,660	11.80
Public works	19,643,196	16,341,371	3,301,825	20.21
Culture and recreation	3,827,709	4,708,976	(881,267)	(18.71)
Housing and development	6,506,536	6,322,427	184,109	2.91
Interest on long-term debt	299,772	376,778	(77,006)	(20.44)
Total expenses	72,259,090	65,530,761	6,728,329	10.27
Change in net assets	21,001,196	35,884,913	(14,883,717)	(41.48)
Net assets, beginning of year	162,084,033	126,199,120		
Net assets, end of year	$ 183,085,229	$ 162,084,033		

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Table 3 below summarizes governmental revenues for 2009 and 2008.

City of Sandy Spring's Governmental Revenues, Expenditures and Changes in Fund Balances

	Governmental Funds 2009	Governmental Funds 2008	Dollar Increase (Decrease)	Percent
Revenues				
Taxes	$ 80,218,315	$ 84,201,305	$ (3,982,990)	(4.73) %
Licenses and permits	1,965,630	3,216,026	(1,250,396)	(38.88)
Intergovernmental revenues	3,860,706	984,545	2,876,161	292.13
Fines and forfeitures	4,964,885	4,808,408	156,477	3.25
Charges for services	582,733	455,095	127,638	28.05
Interest income	953,901	1,395,026	(441,125)	(31.62)
Other	615,893	835,629	(219,736)	(26.30)
Total revenues	93,162,063	95,896,034	(2,733,971)	(2.85)
Expenditures				
General government	23,123,876	13,730,116	9,393,760	68.42
Judicial	1,149,765	955,759	194,006	20.30
Public safety	26,677,292	23,017,162	3,660,130	15.90
Public works	23,866,587	18,016,930	5,849,657	32.47
Culture and recreation	7,442,979	6,332,157	1,110,822	17.54
Housing and development	6,506,536	6,322,427	184,109	2.91
Debt service	3,574,171	3,202,194	371,977	11.62
Total expenditures	92,341,206	71,576,745	20,764,461	29.01
Excess of revenues over expenditures	820,857	24,319,289	(23,498,432)	
Sale of capital assets	-	103,270	(103,270)	
Issuance of capital lease	-	1,500,000	(1,500,000)	
Net change in fund balances	820,857	25,922,559	(25,101,702)	
Fund balances, beginning of year	44,671,311	18,748,752	25,922,559	
Fund balances, end of year	$ 45,492,168	$ 44,671,311	$ 820,857	

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $45,492,168. Of this balance, $13,568,857 is designated for general fund operations and $30,460,850 is considered unreserved and can be used to meet the near term operating needs of the City. Unreserved fund balance has remained virtually unchanged despite a difficult economy and maintains the City's adopted 25% designated fund balance reserve.

Governmental funds continued

Tax revenues have decreased ($3,982,990) or (4.7%) primarily due to decreases in sales tax revenues related to the recession. Licenses and permits revenue has decreased ($1,250,396) or (38.9%) due to decreased construction activity related to the recession. Intergovernmental revenues increased $2,876,161 or 292% as we received significantly more federal grant fund primarily related to transportation and infrastructure projects.

General government expenses increased $9,393,760 or 68% over the prior year and include $7.8 million for the purchase of property designated for the future city hall. Public safety expenses increased $3,660,130 or 15.9% as a result of significant increases in firefighting personnel. Public works expenses increased $5,849,657 or 32.4% as infrastructure projects have been added including significant road resurfacing and widening projects. Recreation expenses have increased $1,110,822 or 17.5% and include significant park additions and upgrades.

General Fund.

The general fund is the chief operating fund of the City. At the end of the current fiscal year the total fund balance was $24,946,264, a decrease of ($8,161,550) as fund balance reserves were used to offset decreases in revenues while still maintaining a consistent level of services and transfers to the capital projects fund to continue infrastructure projects. As a measure of the liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39% percent of total general fund expenditures.

General Fund Budgetary Highlights

The General Fund budget versus actual comparison can be found on pages 35 and 36. For fiscal 2009, the City had a favorable budget variance of $838,450. There was an unfavorable budget variance of ($5,031,645) for revenues. This was offset by favorable budget variances in all expenditure categories as management reduced expenditures as local economic conditions worsened.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2009, amounts to $139,566,873 (net of accumulated depreciation). These assets primarily reflect the donation of infrastructure assets at incorporation for roadways, sidewalks, culverts and signals; and the capital investment for police vehicles and other capital related equipment. This brings the City's financial statements fully into compliance with GASB 34 pronouncements.

Additional information on the City's capital assets can be found in note 6 on page 27 of this report.

City of Sandy Spring's Capital Assets (net of depreciation)

	Governmental Activities	
	2009	2008
Land	$ 20,461,121	$ 19,793,094
Construction in progress	19,807,364	2,619,456
Buildings	4,233,919	4,386,927
Improvements	2,802,814	2,906,014
Machinery and equipment	5,962,459	7,254,810
Infrastructure	86,299,196	88,122,887
Total	$ 139,566,873	$ 125,083,188

Long-term debt. At the end of fiscal year 2009, the City had total debt outstanding of $5,059,788 primarily for police and fire start-up equipment. All debt is backed by the full faith and credit of the City.

Additional information on the City's long-term debt can be found in note 7 on pages 28 and 29 of this report.

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

- Sustainability of existing services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- Cost of government – The operating millage rate of 4.731 mills is statutorily set and cannot be changed without a referendum. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes, to facilitate the provision of city services.
- Infrastructure Improvements – The City provided substantial capital funding to continue the work started in prior years to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, parks, buildings, machinery and equipment, roadways, sidewalks, culverts, equipment and signals.
- Economy Impact – The City's revenues and expenditures were implemented with a conservative approach to reflect the anticipated weak economy that is expected to continue through 2010 and 2011.
- The City restricts the use of one-time revenues to capital projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Sandy Spring's finances for all those with an interest in the government City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Sandy Springs, 7840 Roswell Road, City of Sandy Springs, Georgia, 30350, or by calling 770-730-5600.

CITY OF SANDY SPRINGS, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government	Component Unit
	Governmental Activities	Sandy Springs Hospitality Board
ASSETS		
Cash and cash equivalents	$ 37,731,257	$ 619,776
Investments	10,863,817	-
Taxes receivable	5,250,336	-
Due from other governments	1,506,932	-
Due from primary government	-	453,404
Prepaids	317,288	-
Investment in joint venture	2,511,316	-
Capital assets:		
Nondepreciable	40,268,485	-
Depreciable, net of accumulated depreciation	99,298,388	-
Total assets	197,747,819	1,073,180
LIABILITIES		
Accounts payable	4,129,753	105,122
Accrued liabilities	4,129,470	-
Due to component unit	453,404	-
Compensated absences due within one year	801,157	-
Compensated absences due in more than one year	89,018	-
Notes payable due within one year	1,631,048	-
Notes payable due in more than one year	3,428,740	-
Total liabilities	14,662,590	105,122
NET ASSETS		
Invested in capital assets, net of related debt	134,611,236	-
Unrestricted	48,473,993	968,058
Total net assets	$ 183,085,229	$ 968,058

The accompanying notes are an integral part of these financial statements.

CITY OF SANDY SPRINGS, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 15,111,854	$ 722,753	$ 17,397	$ -
Judicial	1,149,765	4,657,134	-	-
Public safety	25,720,258	362,585	-	345,764
Public works	19,643,196	529,103	-	3,315,416
Culture and recreation	3,827,709	376,610	-	250,000
Housing and development	6,506,536	865,063	-	-
Interest on long-term debt	299,772	-	-	-
Total governmental activities	72,259,090	7,513,248	17,397	3,911,180
Total primary government	$ 72,259,090	$ 7,513,248	$ 17,397	$ 3,911,180
Component Unit				
Sandy Springs Hospitality Board	$ 1,376,392	$ -	$ 1,186,563	$ -
	$ 1,376,392	$ -	$ 1,186,563	$ -

General revenues:
- Property taxes
- Sales taxes
- Hotel/Motel taxes
- Franchise taxes
- Business taxes
- Unrestricted investment earnings
- Miscellaneous revenues

Total general revenues

Change in net assets

Net assets, beginning of year, restated

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Assets	
Primary Government	Component Unit
Governmental Activities	Sandy Springs Hospitality Board
$ (14,371,704)	$ -
3,507,369	-
(25,011,909)	-
(15,798,677)	-
(3,201,099)	-
(5,641,473)	-
(299,772)	-
(60,817,265)	-
$ (60,817,265)	$ -
$ -	$ (189,829)
$ -	$ (189,829)
$ 31,870,456	$ -
21,652,231	-
3,691,845	-
8,561,728	-
14,710,181	-
953,901	18,179
378,119	2,013
81,818,461	20,192
21,001,196	(169,637)
162,084,033	1,137,695
$ 183,085,229	$ 968,058

CITY OF SANDY SPRINGS, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	General Fund	Capital Projects Fund	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 16,267,771	$ 20,056,444	$ 200,466	$ 1,206,576	$ 37,731,257
Investments	10,863,817	-	-	-	10,863,817
Taxes receivable	4,947,736	-	-	302,600	5,250,336
Intergovernmental receivables	-	83,222	1,423,710	-	1,506,932
Due from other funds	506,312	2,071,194	-	62,311	2,639,817
Prepaids	221,673	95,615	-	-	317,288
Total assets	$ 32,807,309	$ 22,306,475	$ 1,624,176	$ 1,571,487	$ 58,309,447
LIABILITIES					
Accounts payable	$ 3,512,503	$ 206,158	$ 937	$ 410,155	$ 4,129,753
Accrued liabilities	737,145	1,991,028	1,389,110	-	4,117,283
Deferred revenue	1,398,235	27,522	51,265	-	1,477,022
Due to other funds	2,133,505	-	234,129	272,183	2,639,817
Due to component unit	79,657	-	-	373,747	453,404
Total liabilities	7,861,045	2,224,708	1,675,441	1,056,085	12,817,279
FUND BALANCES					
Fund balances:					
Reserved for:					
Capital projects	104,151	-	-	-	104,151
Stormwater projects	1,136,637	-	-	-	1,136,637
Prepaids	221,673	95,615	-	-	317,288
Unreserved:					
Designated for operations	13,568,857	-	-	-	13,568,857
Undesignated, reported in:					
General Fund	9,914,946	-	-	-	9,914,946
Special revenue funds	-	-	(51,265)	371,753	320,488
Capital projects funds	-	19,986,152	-	93,292	20,079,444
Debt service fund	-	-	-	50,357	50,357
Total fund balances (deficit)	24,946,264	20,081,767	(51,265)	515,402	45,492,168
Total liabilities and fund balances	$ 32,807,309	$ 22,306,475	$ 1,624,176	$ 1,571,487	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					139,566,873
Other assets which do not provide current financial resources and, therefore, are not reported in the funds.					2,511,316
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(5,962,150)
Some revenues are not available in the current period and, therefore, are not reported in the funds.					1,477,022
Net assets of governmental activities					$ 183,085,229

The accompanying notes are an integral part of these financial statements.

CITY OF SANDY SPRINGS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Capital Projects Fund	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 32,061,197	$ -	$ -	$ -	$ 32,061,197
Sales taxes	21,193,266	-	-	-	21,193,266
Hotel/Motel taxes	-	-	-	3,691,845	3,691,845
Franchise taxes	8,561,826	-	-	-	8,561,826
Business taxes	14,710,181	-	-	-	14,710,181
Licenses and permits	1,532,973	-	-	432,657	1,965,630
Intergovernmental	252,651	441,585	2,739,783	426,687	3,860,706
Charges for services	486,287	11,443	-	85,003	582,733
Fines and forfeitures	4,657,134	-	-	307,751	4,964,885
Contributions	-	150,375	-	17,397	167,772
Interest earned	945,691	-	-	8,210	953,901
Miscellaneous	404,149	43,958	-	14	448,121
Total revenues	84,805,355	647,361	2,739,783	4,969,564	93,162,063
Expenditures:					
Current:					
General government	15,084,752	8,039,124	-	-	23,123,876
Judicial	1,149,765	-	-	-	1,149,765
Public safety	25,687,516	449,140	346,367	194,269	26,677,292
Public works	11,290,715	9,966,951	2,438,484	170,437	23,866,587
Culture and recreation	1,040,815	3,089,873	6,800	3,305,491	7,442,979
Housing and development	6,505,741	795	-	-	6,506,536
Debt service:					
Principal	-	-	-	3,266,252	3,266,252
Interest	-	-	-	307,919	307,919
Total expenditures	60,759,304	21,545,883	2,791,651	7,244,368	92,341,206
Excess (deficiency) of revenues over expenditures	24,046,051	(20,898,522)	(51,868)	(2,274,804)	820,857
Other financing sources (uses):					
Transfers in	1,054,395	29,590,824	31,071	4,070,101	34,746,391
Transfers out	(33,261,996)	-	-	(1,484,395)	(34,746,391)
Total other financing sources (uses)	(32,207,601)	29,590,824	31,071	2,585,706	-
Net change in fund balances	(8,161,550)	8,692,302	(20,797)	310,902	820,857
Fund balances (deficit), beginning of year, restated	33,107,814	11,389,465	(30,468)	204,500	44,671,311
Fund balances (deficit), end of year	$ 24,946,264	$ 20,081,767	$ (51,265)	$ 515,402	$ 45,492,168

The accompanying notes are an integral part of these financial statements.

CITY OF SANDY SPRINGS, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	820,857
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		14,495,759
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		(12,074)
Some long term assets, such as investment in joint ventures, are reported as expenditures in governmental funds and recognized as a long term asset on the statement of net assets		2,511,316
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		98,223
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.		3,266,252
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(179,137)
Change in net assets - governmental activities	$	21,001,196

The accompanying notes are an integral part of these financial statements.

CITY OF SANDY SPRINGS, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009

	Municipal Court Fund
ASSETS	
Cash	$ 865,737
Total assets	$ 865,737
LIABILITIES	
Due to others	$ 865,737
Total liabilities	$ 865,737

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Sandy Springs, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City's government-wide financial statements do not apply subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City, which was incorporated in 2005, operates under a charter adopted December 1, 2005, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as police protection, fire and rescue services, cultural and recreational activities, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Sandy Springs Hospitality Board has been included as a discretely presented component unit in the accompanying financial statements. A voting majority of the Sandy Springs Hospitality Board's governing body is appointed by the City. The Sandy Springs Hospitality Board does not have the power to levy taxes, determine its own aggregate budget without the approval of the City of Sandy Springs, Georgia, or issue bonded debt. Financial information with regard to the Hospitality Board can be obtained from the Board's administrative offices at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350. Separate financial statements for the Sandy Springs Hospitality Board are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. The primary government is reported separately from its discretely presented component unit. The statement of net assets includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period, however grant revenues are considered to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **general fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **capital projects fund** is used to account for the capital expenditures made by the City.

The **federal grant fund** is used to account for the expenditures of federally funded grants made by the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund type:

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other individuals or entities.

D. Encumbrances

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances would then be a reservation of fund balance since the commitments would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at June 30, 2009, and none were recorded.

E. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, special revenue funds, and debt service fund. Project-length budgets are adopted for the capital projects funds. During the fiscal year ended June 30, 2009, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

F. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.”

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items in both government-wide and fund financial statements and the expenditure is recognized as the benefits are received.

J. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings	20-50 years
Improvements	15-40 years
Machinery and equipment	3-20 years
Infrastructure	40-60 years

Fully depreciated assets still in service are carried in the capital asset accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $5,962,150 difference are as follows:

Notes payable	$ (5,059,788)
Compensated absences (i.e., vacation)	(890,175)
Accrued interest	(12,187)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (5,962,150)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $14,495,759 difference are as follows:

Capital outlay	$ 19,422,116
Depreciation expense	(4,926,357)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 14,495,759

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $3,266,252 difference are as follows:

Principal repayments	$ 3,266,252
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 3,266,252

Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $179,137 difference are as follows:

Compensated absences (i.e., vacation)	$ (187,284)
Accrued interest	8,147
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ (179,137)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Director of Finance and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

The following fund had an excess of actual expenditures over appropriations for the fiscal period ended June 30, 2009:

General Fund - E911	$	107,095
Federal Grant Fund		657,647

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2009 are summarized as follows:

Statement of Net Assets:		
Cash and cash equivalents	$	37,731,257
Statement of Fiduciary Net Assets:		
Cash - Agency fund		865,737
	$	38,596,994
Cash deposited with financial institutions	$	6,732,638
Cash deposited with Georgia fund 1		31,864,356
	$	38,596,994

Credit risk. State statutes and the City's policies authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2009, the City's investment in Georgia Fund 1 received a rating of AAAm by Standard & Poor's.

As of June 30, 2009, the City had the following investments:

Investment	Maturity		Fair Value
Georgia Fund 1	41 day weighted average	$	31,864,356
Certificates of deposit	12 months		10,863,817
		$	42,728,173

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. As of June 30, 2009, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2009, all of the City's and Hospitality Board's bank balances were adequately insured and collateralized as defined by GASB.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The City contracts with Fulton County to bill and collect City of Sandy Springs property taxes. The taxes are levied by August 1 based on the assessed value of property as listed on the previous January 1 and are due on October 15 of each year. Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

NOTE 5. RECEIVABLES (CONTINUED)

Receivables at June 30, 2009, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Federal Grant	Nonmajor Governemental
Receivables:				
Intergovernmental	$ -	$ 83,222	$ 1,423,710	$ -
Taxes	4,947,736	-	-	302,600
Total receivables	4,947,736	83,222	1,423,710	302,600
Less allowance for uncollectible	-	-	-	-
Net total receivable	$ 4,947,736	$ 83,222	$ 1,423,710	$ 302,600

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the period ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets					
Land	$ 19,793,094	$ 668,027	$ -	$ -	$ 20,461,121
Construction in progress	2,619,456	17,466,045	-	(278,137)	19,807,364
Total	22,412,550	18,134,072	-	(278,137)	40,268,485
Capital assets, being depreciated:					
Buildings	4,590,251	-	-	-	4,590,251
Improvements	3,096,008	-	-	-	3,096,008
Machinery and equipment	9,703,362	692,405	(18,267)	-	10,377,500
Infrastructure	116,212,337	595,639	-	278,137	117,086,113
Total	133,601,958	1,288,044	(18,267)	278,137	135,149,872
Less accumulated depreciation for:					
Buildings	(203,324)	(153,008)	-	-	(356,332)
Improvements	(189,994)	(103,200)	-	-	(293,194)
Machinery and equipment	(2,448,552)	(1,972,682)	6,193	-	(4,415,041)
Infrastructure	(28,089,450)	(2,697,467)	-	-	(30,786,917)
Total	(30,931,320)	(4,926,357)	6,193	-	(35,851,484)
Total capital assets being depreciated, net	102,670,638	(3,638,313)	(12,074)	278,137	99,298,388
Governmental activities capital assets, net	$ 125,083,188	$ 14,495,759	$ (12,074)	$ -	$ 139,566,873

An adjustment was made to beginning infrastructure balances to correctly report stormwater infrastructure as of June 30, 2008; cost was increased by $58,134,561 and accumulated depreciation was increased by $24,318,233, for a net increase in capital assets of $33,816,328.

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	$ 51,887
Public safety	2,023,080
Public works	2,701,852
Culture and recreation	149,538
Total depreciation expense - governmental activities	$ 4,926,357

NOTE 7. LONG-TERM DEBT

Notes Payable

In June 2006, the City entered into an agreement through a financial institution to borrow $4,000,000 from the Georgia Municipal Association for the purchase of vehicles and equipment for the police department. Monthly payments of $115,413, including interest at a rate of 4.179% began in August 2006 and will continue through July 2009. The debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2010	$ 115,012	$ 401	$ 115,413

During September 2006, the City entered into an agreement through a financial institution to borrow $7,500,000 for the purchase of vehicles and equipment for the police and fire departments. The total borrowing is broken into four separate notes as follows:

Original Amount	Interest Rate	Maturity	Monthly Payment
$ 464,440	4.0612 %	January 2010	$ 13,511
4,094,644	4.3216	December 2016	42,538
2,500,000	4.0612	January 2010	73,878
440,916	4.0027	February 2010	13,018

Fiscal year ending June 30,	Principal	Interest	Total
2010	$ 1,082,891	$ 143,438	$ 1,226,329
2011	393,372	117,085	510,457
2012	410,712	99,744	510,456
2013	428,818	81,639	510,457
2014	447,721	62,736	510,457
2015-2017	1,207,564	96,090	1,303,654
	$ 3,971,078	$ 600,732	$ 4,571,810

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

During November 2007, the City entered into an agreement through a financial institution to borrow $500,000 for the purchase of vehicles and equipment for the police and fire departments. Monthly payments of $9,181, including interest at a rate of 4.06% began in December 2007 and will continue through November 2012. The debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2010	$ 98,252	$ 11,920	$ 110,172
2011	102,132	8,040	110,172
2012	106,164	4,007	110,171
2013	45,463	442	45,905
	$ 352,011	$ 24,409	$ 376,420

During April 2008, the City entered into an agreement through a financial institution to borrow $1,000,000 for the purchase of vehicles and equipment for the police and fire departments. Monthly payments of $29,073, including interest at a rate of 2.98% began in May 2008 and will continue through April 2011. The debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2010	$ 334,893	$ 13,985	$ 348,878
2011	286,794	4,066	290,860
	$ 621,687	$ 18,051	$ 639,738

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the period ended June 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 8,326,040	$ -	$ (3,266,252)	$ 5,059,788	$ 1,631,048
Compensated absences	702,891	697,861	(510,577)	890,175	801,157
Governmental activity Long-term liabilities	$ 9,028,931	$ 697,861	$ (3,776,829)	$ 5,949,963	$ 2,432,205

For governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2009 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Non-major Governmental Fund	$ 272,183
General Fund	Federal Grant Fund	234,129
Capital Fund	General Fund	2,071,194
Non-major Governmental Fund	General Fund	62,311
Total		$ 2,639,817

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of amounts due from/to the primary government and its component unit is as follows:

Receivable Entity	Payable Entity	Amount
Hospitality Board	Non-major Governmental Fund	$ 373,747
Hospitality Board	General Fund	79,657
		$ 453,404

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental fund	$ 1,054,395
Federal Grant Fund	General Fund	31,071
Nonmajor governmental fund	General Fund	4,070,101
Capital Fund	General Fund	29,160,824
Capital Fund	Nonmajor governmental fund	430,000
		$ 34,746,391

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. OPERATING LEASES

The government leases the police building and office facilities under non-cancelable operating leases. Total costs for such leases were $511,592 for the fiscal year ended June 30, 2009. This was the last year of the lease on the building.

During fiscal year 2008 the lease for the City's central office at Morgan Falls was transferred to the City. The lease is for the City Hall building and office facilities under a non-cancelable operating lease. Total costs for this lease was $971,888 for the fiscal year ended June 30, 2009. The future minimum lease payments for this lease are as follows:

Year Ending June 30,	
2010	$ 1,000,310
2011	598,572
Total	$ 1,598,882

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has entered a public/private contractual partnership for outsourced services and operations. Through this contract with a private company, an array of operational services are provided via outsourcing. This contract is an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, this contract is approximately $26 million annually.

The City, as of June 30, 2009, has contracted out the operations of the E911 services to Fulton County. For the year ending June 30, 2009, the City paid $450,000 towards this contract. The contract with Fulton County was terminated in the 2010 fiscal year, as the City has created a joint venture authority, which began operations in September 2009, providing E911 services to the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Sandy Springs' Profit Sharing Plan is a single employer defined contribution plan established and administered by the City of Sandy Springs for all full time employees. At June 30, 2009, there were 220 plan members. The City matches 100% for each dollar of employee contributions up to 5% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible after one month of employment and are fully vested after three months. Plan provisions and contribution requirements are established and may be amended by the City's Council. For the fiscal year ending June 30, 2009, the City's contributions to the Plan were $1,816,295.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Fulton County has paid on behalf of the City of Sandy Springs. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

In October 2008 the cities of Sandy Springs and Johns Creek created the Chattahoochee River E911 Authority (Chatt Comm.), which was created pursuant to the provisions of the Official Code of Georgia Annotated (OCGA) Section 36-75-1, which provides for the organization of a joint public safety and judicial facility authority. Chatt Comm Board membership includes the City Manager from each participating city, or their designee. Chatt Comm was created by the two cities contributing a pre-determined capital amount necessary to equip the facility. This has been reported as investment in joint venture and is $2,511,316 as of June 30, 2009. The cities have also pledged their future E911 revenues to Chatt Comm to pay for the operation of the emergency 911 answering facility. Future net operating revenues from Chatt Comm will be used to repay the cities capital investment. Additionally, the two cities will be responsible for funding any operating deficits as well as any future capital purchases of the Authority. As of June 30, 2009, the City of Sandy Springs has not collected any E911 revenues. As of June 30, 2009, Chatt Comm had no liabilities and did not begin operations until September 2009. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by Chatt Comm to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended June 30, 2009, the City received $3,691,845 in hotel/motel taxes. Of this amount, $2,637,464, or 71.4%, was used for the promotion of tourism, conventions, or trade shows.

NOTE 14. FUND DEFICITS

For the year ended June 30, 2009, the City's Federal Grant Fund and Solid Waste Hauling Fund had fund deficits of $51,265 and $1,195, respectively. The fund deficit in the Federal Grant Fund will be reduced as deferred grant revenues become available. The fund deficit in the Solid Waste Hauling Fund will be reduced through increased charges and General Fund appropriations, as needed.

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverages in the past three years.

NOTE 15. RISK MANAGEMENT (CONTINUED)

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The City has determined that a restatement of beginning fund balance of the General Fund is necessary to properly record revenues related to court fines. This adjustment results in a change to the beginning fund balance of the General fund as follows:

Fund balance, as previously reported	$	33,810,490
Effect of proper recording of fines revenues		(702,676)
Fund balance, as restated	$	33,107,814

The City has determined that a restatement of beginning net assets of the governmental activities is necessary to properly record the above adjustment to the General Fund and to properly report capital assets omitted in prior years. These adjustments result in a change to the beginning net assets of the governmental activities as follows:

Net assets, as previously reported	$	128,970,381
Effect of correcting General Fund revenues		(702,676)
Effect of proper reporting of capital assets		33,816,328
Net assets, as restated	$	162,084,033

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANDY SPRINGS, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 32,220,000	$ 32,220,000	$ 32,061,197	$ (158,803)
Sales taxes	23,920,000	23,920,000	21,193,266	(2,726,734)
Franchise taxes	8,202,000	8,202,000	8,561,826	359,826
Business taxes	16,383,000	16,383,000	14,710,181	(1,672,819)
Licenses and permits	2,256,000	2,256,000	1,532,973	(723,027)
Intergovernmental	833,000	833,000	252,651	(580,349)
Charges for services	326,000	326,000	486,287	160,287
Fines and forfeitures	4,245,000	4,245,000	4,657,134	412,134
Interest earned	1,159,000	1,159,000	945,691	(213,309)
Miscellaneous	293,000	293,000	404,149	111,149
Total revenues	89,837,000	89,837,000	84,805,355	(5,031,645)
Expenditures:				
Current:				
General government:				
Mayor and council	163,770	183,770	161,060	22,710
City manager	825,829	855,829	687,032	168,797
General administration	10,532,763	10,292,792	10,029,320	263,472
Finance department	1,975,555	2,077,279	2,064,354	12,925
Legal services	826,000	826,000	708,315	117,685
Facilities and buildings	1,344,918	1,479,814	1,384,110	95,704
City clerk	195,052	195,052	50,561	144,491
Contingencies	3,300,000	472,900	-	472,900
Total general government	19,163,887	16,383,436	15,084,752	1,298,684
Judicial	1,460,979	1,375,092	1,149,765	225,327
Public safety:				
Police department	15,674,024	15,649,024	13,870,771	1,778,253
Fire department	9,484,010	9,459,010	8,748,334	710,676
E911	2,961,316	2,961,316	3,068,411	(107,095)
Total public safety	28,119,350	28,069,350	25,687,516	2,381,834
Public works:				
Public works	11,185,838	11,578,588	10,512,231	1,066,357
Sanitation and wastewater	1,800,000	1,800,000	778,484	1,021,516
Total public works	12,985,838	13,378,588	11,290,715	2,087,873
Culture and recreation	1,393,989	1,391,724	1,040,815	350,909
Housing and development	6,693,399	6,710,902	6,505,741	205,161
Total expenditures	69,817,442	67,309,092	60,759,304	6,549,788
Excess of revenues over expenditures	20,019,558	22,527,908	24,046,051	1,518,143

Continued

CITY OF SANDY SPRINGS, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Other financing sources (uses):				
Transfers in	$ 1,285,000	$ 1,285,000	$ 1,054,395	$ (230,605)
Transfers out	(30,304,558)	(32,812,908)	(33,261,996)	(449,088)
Total other financing sources (uses)	(29,019,558)	(31,527,908)	(32,207,601)	(679,693)
Net change in fund balances	(9,000,000)	(9,000,000)	(8,161,550)	838,450
Fund balance, beginning of year, restated	33,107,814	33,107,814	33,107,814	-
Fund balance, beginning of yea	$ 24,107,814	$ 24,107,814	$ 24,946,264	$ 838,450

Note: See footnotes 1 and 3 of the basic financial statements for budgetary policies.

CITY OF SANDY SPRINGS, GEORGIA

FEDERAL GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 936,734	$ 2,020,519	$ 2,739,783	$ 719,264
Total revenues	936,734	2,020,519	2,739,783	719,264
Expenditures:				
Public safety	174,325	1,084,754	346,367	738,387
Public works	149,870	924,250	2,438,484	(1,514,234)
Culture and recreation	125,000	125,000	6,800	118,200
Housing and development	540,875	-	-	-
Total expenditures	990,070	2,134,004	2,791,651	(657,647)
Deficiency of revenues under expenditures	(53,336)	(113,485)	(51,868)	61,617
Other financing sources:				
Transfers in	53,336	109,868	31,071	(78,797)
Total other financing sources	53,336	109,868	31,071	(78,797)
Net change in fund balances	-	(3,617)	(20,797)	(17,180)
Fund balances (deficit), beginning of year	(30,468)	(30,468)	(30,468)	-
Fund balances (deficit), end of year	$ (30,468)	$ (34,085)	$ (51,265)	$ (17,180)

NONMAJOR GOVERNMENTAL FUNDS

Confiscated Assets Fund – To account for the use of confiscated drug money by the City's Police Department.

State Grant Fund – To account for the expenditures and revenues of state grants.

Operating Grant Fund – To account for the expenditures and revenues of local grants and contributions.

Hotel/Motel Fund – To account for the 7% lodging tax levied in the City.

Solid Waste Hauling Fund – To account for the revenues received from hauling companies transporting solid waste through the City limits and the expenditure of these funds on infrastructure maintenance.

Impact Fees Fund – To account for fees assessed upon development activity that are collected to pay for system improvements (recreation/parks, streets, and public safety) as detailed within the government's impact fee ordinance.

Debt Service Fund – To account for the accumulation of resources and payment, from governmental resources, of debt service principal and interest on long-term debt.

CITY OF SANDY SPRINGS, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds			
ASSETS	**Confiscated Assets Fund**	**State Grant Fund**	**Operating Grant Fund**	**Hotel/ Motel Fund**
Cash	$ 336,465	$ -	$ 74,468	$ 606,063
Taxes receivable	-	-	-	302,600
Due from other funds	62,051	-	-	260
Total assets	$ 398,516	$ -	$ 74,468	$ 908,923
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 81,707	$ -	$ -	$ 328,448
Due to other funds	-	-	20,287	205,965
Due to component unit	-	-	-	373,747
Total liabilities	81,707	-	20,287	908,160
FUND BALANCES (DEFICIT)				
Unreserved	316,809	-	54,181	763
Total liabilities and fund balances	$ 398,516	$ -	$ 74,468	$ 908,923

Capital Projects Funds				
Solid Waste Hauling Fund	Impact Fees Fund	Debt Service Fund	Total Nonmajor Governmental Funds	
$ 2,657	$ 96,133	$ 90,790	$ 1,206,576	
-	-	-	302,600	
-	-	-	62,311	
$ 2,657	$ 96,133	$ 90,790	$ 1,571,487	
$ -	$ -	$ -	$ 410,155	
3,852	1,646	40,433	272,183	
-	-	-	373,747	
3,852	1,646	40,433	1,056,085	
(1,195)	94,487	50,357	515,402	
$ 2,657	$ 96,133	$ 90,790	$ 1,571,487	

CITY OF SANDY SPRINGS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds			
	Confiscated Assets Fund	State Grant Fund	Operating Grant Fund	Hotel/ Motel Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ 3,691,845
Licenses and permits	-	-	-	-
Intergovernmental	-	426,687	-	-
Charges for services	-	-	-	-
Fines and forfeitures	307,751	-	-	-
Interest income	6,927	-	-	763
Contributions	-	-	17,397	-
Miscellaneous	-	-	-	14
Total revenues	314,678	426,687	17,397	3,692,622
EXPENDITURES				
Current:				
Public safety	193,705	-	564	-
Public works	-	170,437	-	-
Culture and recreation	-	668,027	-	2,637,464
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	193,705	838,464	564	2,637,464
Excess (deficiency) of revenues over (under) expenditures	120,973	(411,777)	16,833	1,055,158
OTHER FINANCING SOURCES (USES)				
Transfers in	-	418,027	-	-
Transfers out	-	-	-	(1,054,395)
Total other financing sources (uses)	-	418,027	-	(1,054,395)
Net change in fund balances	120,973	6,250	16,833	763
FUND BALANCES (DEFICIT), beginning of year	195,836	(6,250)	37,348	-
FUND BALANCES (DEFICIT), end of year	$ 316,809	$ -	$ 54,181	$ 763

Capital Projects Funds			
Solid Waste Hauling Fund	Impact Fees Fund	Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 3,691,845
432,657	-	-	432,657
-	-	-	426,687
-	85,003	-	85,003
-	-	-	307,751
-	520	-	8,210
-	-	-	17,397
-	-	-	14
432,657	85,523	-	4,969,564
-	-	-	194,269
-	-	-	170,437
-	-	-	3,305,491
-	-	3,266,252	3,266,252
-	-	307,919	307,919
-	-	3,574,171	7,244,368
432,657	85,523	(3,574,171)	(2,274,804)
-	-	3,652,074	4,070,101
(430,000)	-	-	(1,484,395)
(430,000)	-	3,652,074	2,585,706
2,657	85,523	77,903	310,902
(3,852)	8,964	(27,546)	204,500
$ (1,195)	$ 94,487	$ 50,357	$ 515,402

CITY OF SANDY SPRINGS, GEORGIA

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 450,000	$ 450,000	$ 307,751	$ (142,249)
Interest	10,000	10,000	6,927	(3,073)
Total revenues	460,000	460,000	314,678	(145,322)
Expenditures:				
Public safety	652,934	652,934	193,705	459,229
Total expenditures	652,934	652,934	193,705	459,229
Excess (deficiency) of revenues over (under) expenditures	(192,934)	(192,934)	120,973	313,907
Fund balances, beginning of year	195,836	195,836	195,836	-
Fund balances, end of year	$ 2,902	$ 2,902	$ 316,809	$ 313,907

CITY OF SANDY SPRINGS, GEORGIA

STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 902,187	$ 1,152,187	$ 426,687	$ (725,500)
Total revenues	902,187	1,152,187	426,687	(725,500)
Expenditures:				
Public safety	25,000	25,000	-	25,000
Public works	170,437	170,437	170,437	-
Culture and recreation	-	700,000	668,027	31,973
Total expenditures	195,437	895,437	838,464	56,973
Excess (deficiency) of revenues over (under) expenditures	706,750	256,750	(411,777)	(668,527)
Other financing sources:				
Transfers in	25,000	425,000	418,027	(6,973)
Total other financing sources	25,000	425,000	418,027	(6,973)
Net change in fund balances	731,750	681,750	6,250	(675,500)
Fund balances, beginning of year	(6,250)	(6,250)	(6,250)	-
Fund balances, end of year	$ 725,500	$ 675,500	$ -	$ (675,500)

CITY OF SANDY SPRINGS, GEORGIA

OPERATING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Contributions	$ 50,000	$ 63,224	$ 17,397	$ (45,827)
Total revenues	50,000	63,224	17,397	(45,827)
Expenditures:				
Public safety	50,000	63,224	564	62,660
Total expenditures	50,000	63,224	564	62,660
Excess of revenues over expenditures	-	-	16,833	16,833
Fund balances, beginning of year	37,348	37,348	37,348	-
Fund balances, end of year	$ 37,348	$ 37,348	$ 54,181	$ 16,833

CITY OF SANDY SPRINGS, GEORGIA

HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 4,500,000	$ 4,500,000	$ 3,691,845	$ (808,155)
Interest income	-	-	763	763
Miscellaneous	-	-	14	14
Total revenues	4,500,000	4,500,000	3,692,622	(807,378)
Expenditures:				
Culture and recreation	3,215,000	3,215,000	2,637,464	577,536
Total expenditures	3,215,000	3,215,000	2,637,464	577,536
Excess of revenues over expenditures	1,285,000	1,285,000	1,055,158	(229,842)
Other financing uses:				
Transfers out	(1,285,000)	(1,285,000)	(1,054,395)	230,605
Total other financing uses	(1,285,000)	(1,285,000)	(1,054,395)	230,605
Net change in fund balances	-	-	763	763
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 763	$ 763

CITY OF SANDY SPRINGS, GEORGIA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures:				
Debt service				
Principal	$ 3,506,921	$ 3,506,921	$ 3,266,252	$ 240,669
Interest	254,516	254,516	307,919	(53,403)
Total expenditures	3,761,437	3,761,437	3,574,171	187,266
Deficiency of revenues under expenditures	(3,761,437)	(3,761,437)	(3,574,171)	187,266
Other financing sources:				
Transfers in	3,937,084	3,937,084	3,652,074	(285,010)
Total other financing sources	3,937,084	3,937,084	3,652,074	(285,010)
Net change in fund balances	175,647	175,647	77,903	(97,744)
Fund balances (deficit), beginning of year	(27,546)	(27,546)	(27,546)	-
Fund balances, end of year	$ 148,101	$ 148,101	$ 50,357	$ (97,744)

AGENCY FUND

Agency funds are used to account for assets held by the City as an agent for individuals.

Municipal Court Fund – To account for the collection of cash appearance bonds by the Municipal Court.

CITY OF SANDY SPRINGS, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 225,188	$ 5,923,224	$ 5,282,675	$ 865,737
Total assets	$ 225,188	$ 5,923,224	$ 5,282,675	$ 865,737
Liabilities:				
Due to others	$ 225,188	$ 5,923,224	$ 5,282,675	$ 865,737

COMPONENT UNIT

Sandy Springs Hospitality Board – To account for the revenue and expenditures of promoting tourism within the City as funded by Hotel/Motel tax revenue.

CITY OF SANDY SPRINGS, GEORGIA

BALANCE SHEET
COMPONENT UNIT - SANDY SPRINGS HOSPITALITY BOARD
JUNE 30, 2009

ASSETS		
Cash	$	619,776
Due from primary government		453,404
Total assets	$	1,073,180
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	105,122
Total liabilities		105,122
FUND BALANCE		
Unreserved		968,058
Total liabilities and fund balance	$	1,073,180

CITY OF SANDY SPRINGS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - SANDY SPRINGS HOSPITALITY BOARD
FOR THE YEAR ENDED JUNE 30, 2009

REVENUES	
Intergovernmental	$ 1,186,563
Interest	18,179
Miscellaneous	2,013
Total revenues	1,206,755
EXPENDITURES	
Current:	
Culture and recreation	1,376,392
Total expenditures	1,376,392
Deficiency of revenues over expenditures	(169,637)
Net change in fund balance	(169,637)
FUND BALANCE, beginning of year	1,137,695
FUND BALANCE, end of year	$ 968,058

Statistical



SANDY SPRINGS
GEORGIA

STATISTICAL SECTION

This part of the City of Sandy Springs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends **48**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **50**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity **58**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **60**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **61**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report.

CITY OF SANDY SPRINGS, GEORGIA

NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

	2009	2008	2007	2006
Primary government:				
Invested in capital assets, net of related debt	$ 134,611,236	$ 83,403,809	$ 76,989,747	$ 56,330,759
Unrestricted	48,473,993	45,566,572	15,393,045	(5,586,019)
Total primary government net assets	$ 183,085,229 (1)	$ 128,970,381	$ 92,382,792	$ 50,744,740

Note: The City's operations continued to grow during 2007 and 2008. 2007 was the City's first full year of operation.
The 2006 period was only 7 months.
(1) In 2009 the City added approximately $33,114,000 of previously unrecorded infrastructure.

CITY OF SANDY SPRINGS, GEORGIA

CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

	2009	2008	2007	2006
Expenses				
General government	$ 15,111,854	$ 13,818,852	$ 14,455,096	$ 9,154,700
Judicial	1,149,765	955,759	782,597	328,008
Public safety	25,720,258	23,006,598	23,090,567	9,867,430
Public works	19,643,196	16,341,371	12,515,340	5,105,770
Culture and recreation	3,827,709	4,708,976	4,105,728	2,699,718
Housing and development	6,506,536	6,322,427	7,236,048	2,697,519
Interest on long-term debt	299,772	376,778	536,480	194,709
Total expenses	$ 72,259,090	$ 65,530,761	$ 62,721,856	$ 30,047,854
Program revenues				
Charges for services:				
General government	$ 722,753	$ 724,193	$ 652,646	$ 577,667
Judicial	4,657,134	5,273,492	3,447,821	401,377
Public safety	362,585	252,473	77,240	-
Public works	529,103	471,789	370,645	-
Culture and recreation	376,610	252,846	167,975	43,349
Housing and development	865,063 (3)	2,207,413	2,933,954	1,193,931
Operating grants and contributions	17,397	85,068	125,798	-
Capital grants and contributions	3,911,180	6,170,789	21,653,418 (1)	-
Total program revenues	$ 11,441,825	$ 15,438,063	$ 29,429,497	$ 2,216,324
Net (expense)/revenue	$ (60,817,265)	$ (50,092,698)	$ (33,292,359)	$ (27,831,530)
General Revenues and Other Changes in Net Assets				
Taxes				
Property taxes	$ 31,870,456	$ 29,827,325	$ 27,563,122	$ 996,312
Sales taxes	21,652,231 (2)	24,992,061	24,795,033	9,627,122
Other taxes	26,963,754 (2)	29,776,872	21,719,794	10,712,107
Unrestricted investment earnings	953,901	1,395,026	734,079	113,746
Contributions not restricted to specific programs	-	19,498	2,044	70,000
Miscellaneous revenues	378,119	669,505	116,339	2,898
Special item - donation of infrastructure at incorporation	-	-	-	57,054,085
Total	$ 81,818,461	$ 86,680,287	$ 74,930,411	$ 78,576,270
Change in Net Assets	$ 21,001,196	$ 36,587,589	$ 41,638,052	$ 50,744,740

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months. The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenses.

(1) - In 2007 the City received a large amount of park greenspace and park improvements from the County which was reported as capital contributions.

(2) - In 2009 the City was impacted by the economy and recognized fewer sales and other tax revenues than in prior years.

(3) - In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.

CITY OF SANDY SPRINGS, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2006	$ 996,312	$ 9,627,122	$ 2,349,053	$ 583,129	$ 7,779,925	$ 21,335,541
2007	27,563,122	24,795,033	4,319,717	7,603,326	9,796,751	74,077,949
2008	29,827,325	24,992,061	4,375,173	8,227,077	17,174,622 (1)	84,596,258
2009	31,870,456	21,652,231 (2)	3,691,845 (2)	8,561,728	14,710,181 (2)	80,486,441

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months.
The City levied property taxes for the first time in 2007.

(1) 2008 was the City's first year of receiving the insurance premium tax, which was approximately $4,688,000.

(2) In 2009 the City was impacted by the economy and recognized fewer tax revenues than in prior years.

CITY OF SANDY SPRINGS, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)

	2009	2008	2007	2006
General Fund				
Reserved	$ 1,462,461	$ 815,003	$ 3,899,995	$ 2,468,031
Unreserved	23,483,803	32,995,487	9,093,886	(5,755,635)
Total general fund	$ 24,946,264	$ 33,810,490	$ 12,993,881	$ (3,287,604)
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	$ 320,488	$ 196,466	$ 264,402	$ 227,025
Capital projects funds	20,079,444	11,394,577	5,490,469	-
Debt service fund	50,357	(27,546)	-	-
Total all other governmental funds	$ 20,450,289	$ 11,563,497	$ 5,754,871	$ 227,025

Note: The City's operations continued to grow during 2007 and 2008. 2007 was the City's first full year of operation. The 2006 period was only 7 months.

CITY OF SANDY SPRINGS, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)

	2009	2008	2007	2006
Revenues				
Taxes	$ 80,218,315 (3)	$ 84,201,305	$ 73,519,577	$ 21,335,541
Licenses and permits	1,965,630 (4)	3,216,026	3,868,934	1,744,329
Intergovernmental	3,860,706 (5)	984,545	301,730	-
Charges for services	582,733	455,095	333,527	70,618
Fines and forfeitures	4,964,885	5,511,084	3,447,820	401,377
Contributions	167,772	236,126	172,069	70,000
Interest earned	953,901	1,395,026	734,079	113,746
Miscellaneous	448,121	599,503	116,339	2,898
Total revenues	93,162,063	96,598,710	82,494,075	23,738,509
Expenditures				
Current:				
General government	23,123,876 (2)	13,730,116	14,662,914	9,180,705
Judicial	1,149,765	955,759	784,594	328,008
Public safety	26,677,292	23,017,162	28,023,354	11,332,550
Public works	23,866,587 (2)	18,016,930 (1)	10,884,786	4,353,238
Culture and recreation	7,442,979	6,332,157	4,227,399	2,713,318
Housing and development	6,506,536	6,322,427	7,236,048	2,697,519
Debt service:				
Principal	3,266,252	2,830,523	1,843,437	-
Interest	307,919	371,671	522,212	193,750
Total expenditures	92,341,206	71,576,745	68,184,744	30,799,088
Excess (deficiency) of revenues over (under) expenditures	820,857	25,021,965	14,309,331	(7,060,579)
Other Financing Sources (Uses)				
Issuance of long term debt	-	1,500,000	7,500,000	4,000,000
Proceeds from sale of assets	-	103,270	-	-
Transfers in	34,746,391	20,005,239	7,414,647	670,889
Transfers out	(34,746,391)	(20,005,239)	(7,414,647)	(670,889)
Total other financing sources (uses)	-	1,603,270	7,500,000	4,000,000
Net change in fund balances	$ 820,857	$ 26,625,235	$ 21,809,331	$ (3,060,579)
Debt service as a percentage of noncapital expenditures	4.9%	5.0%	3.8%	0.7%

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months. The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenditures.

(1) In 2008 the City began expending outlays from the capital projects fund which account for approximately $7,500,000 of the increase.

(2) In 2009 the City continued expending outlays from the capital projects fund

(3) In 2009 the economy across the state and country suffered causing sales tax and hotel tax revenues to see signficant decreases.

(4) In 2009, the economy across the state and country suffered causing the sale of construction license and permits to significantly decrease.

(5) In 2009 the City received and expended two large Department of Transportation grants for over $2,000,000.

CITY OF SANDY SPRINGS, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2006	$ 996,312	$ 9,627,122	$ 2,349,053	$ 583,129	$ 7,779,925	$ 21,335,541
2007	27,004,750	24,795,033	4,319,717	7,603,326	9,796,751	73,519,577
2008	29,432,372	24,992,061	4,375,173	8,227,077	17,174,622 (1)	84,201,305
2009	32,061,197	21,193,266 (2)	3,691,845 (2)	8,561,826	14,710,181 (2)	80,218,315

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months.
The City levied property taxes for the first time in 2007.

(1) 2008 was the City's first year of receiving the insurance premium tax, which was approximately $4,688,000.

(2) In 2009 the City was impacted by the economy and recognized fewer tax revenues than in prior years.

CITY OF SANDY SPRINGS, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST FOUR CALENDAR YEARS

Calendar Year	Real Property				Personal Property	
	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Motor Vehicles	Other (1)
2006	$ 3,793,630,390	$ 2,292,804,730	$ 26,941,230	$ 7,858,980	$ 227,567,111	$ 471,080
2007	3,974,086,600	2,675,326,970	23,156,460	846,230	201,863,798	1,137,843
2008	4,094,509,530	3,439,835,900	15,309,680	308,440	282,296,030	42,906,780
2009	4,096,518,200	3,072,660,470	14,882,750	308,440	310,256,370	36,383,866

Source: Fulton County Tax Commissioner

(1) Reflects conservation use.
(2) Fulton County Tax Commissioner made significant reassessments and reclassifications of all property cagegories for 2008.

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 673,279,509	$ 5,675,994,012	4.731	$ 14,189,985,030	40%
624,230,855	6,252,187,046	4.731	15,630,467,615	40%
697,411,661	7,177,754,699	4.731	17,944,386,748	40%
610,103,942	6,920,906,154	4.731	17,302,265,385	40%

CITY OF SANDY SPRINGS, GEORGIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST FOUR CALENDAR YEARS

(rate per $1,000 of assessed value)

Calendar Year	Sandy Springs	Fulton County	School District			State	Total Direct & Overlapping Rates
			Operating Millage	Debt Service Millage	Total School District Millage		
2006	4.731	11.470	17.825	0.282	18.107	0.250	34.558
2007	4.731	10.281	16.904	1.188	18.092	0.250	33.354
2008	4.731	10.281	16.403	1.099	17.502	0.250	32.764
2009	4.731	10.281	17.502	0.000	17.502	0.250	32.764

Source: Fulton County Tax Commissioner

Note: As set forth in the City's Charter, the millage rate cannot exceed 4.731 mills unless a higher limit is approved through a referendum by a majority of qualified voters of the City.

CITY OF SANDY SPRINGS, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND TWO YEARS AGO
JUNE 30, 2009

	2009			2007		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Development Authority of Fulton County	$ 82,966,331	1	1.20 %	$ 73,122,792	1	1.17 %
Four Eight Prop LLC	80,199,121	2	1.16	35,000,000	2	0.56
FULCOPROP Fifty Six, LLC	73,365,320	3	1.06			
AT&T Mobility LLC	71,570,670	4	1.03			
FULCOPROP 400, LLC	41,760,000	5	0.60			
Teachers Concourse LLC	36,742,801	6	0.53	26,874,519	10	0.43
Vef V Atlanta Office One, LLC	34,561,640	7	0.50			
Highwoods DLF 97 26 DFL 99 32	34,000,000	8	0.49	27,282,761	9	0.44
BT Property, LLC	33,790,839	9	0.49			
SRI Seven Palisades, LLC	32,713,718	10	0.47			
Concourse V Associates				34,600,000	3	0.55
Northpark Associates LTD				33,086,079	4	0.53
Georgia Power Company				35,350,272	5	0.57
Northpark Five Hundred Assoc				29,720,000	6	0.48
Lakeside Commons LTD Ptnrship				27,557,719	7	0.44
Eop Lakeside Office LLC				27,524,680	8	0.44
Totals	$ 521,670,440		7.54 %	$ 350,118,822		5.60 %

Source: Fulton County Tax Commissioner

Note: 2007 is the first year the City levied property taxes.

CITY OF SANDY SPRINGS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST THREE FISCAL YEARS

Fiscal Period Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 25,186,176	$ 24,559,900	97.5 %	$ 750,098	$ 25,309,998	100.5 %
2008	27,162,838	26,271,821	96.7	693,314	26,965,135	99.3
2009	29,635,929	28,869,540	97.4	N/A	28,869,540	97.4

Source: Fulton County Tax Commissioner

Note: The City levied property taxes for the first time in 2007.

CITY OF SANDY SPRINGS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FOUR FISCAL YEARS

Fiscal Period Ended June 30,	Governmental Activities Notes Payable	Percentage of Personal Income (1)	Per Capita (1)
2006	$ 4,000,000	0.09 %	$ 46.14
2007	9,656,563	0.18	98.64
2008	8,326,040	0.15	83.42
2009	5,059,788	0.10	50.70

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SANDY SPRINGS, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Fulton County	$ 1,760,000	13.18 %	$ 231,968
Fulton County School District	164,890,000	13.18	21,732,502
Total overlapping debt	$ 166,650,000		$ 21,964,470

Source: Assessed value date used to estimate applicable percentages and debt outstanding obtained from Fulton County's December 31, 2008 Comprehensive Annual Financial Report.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF SANDY SPRINGS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST FOUR FISCAL YEARS

Fiscal Period	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
2006	86,698	$ 4,550,258	52,484	33.2	11,498	2.2 %
2007	97,898	5,265,933	53,790	38.6	11,624	4.3
2008	99,808	5,376,735	53,871	37.9	11,391	5.4
2009	99,808	5,231,035	52,411	35.2	14,423	10.4

(1) Source: U. S. Bureau of Labor Statistics
(2) Source: Fulton County Board of Education

Note: 2007 population, per capita, and personal income are estimates based on past regional trends.
Note: School enrollment is based on beginning of school year.

CITY OF SANDY SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO

	2009			2006		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
United Parcel Service	1,678	1	0.22 %	1,653	1	2.7 %
IBM Corporation	1,592	2	0.21	894	4	1.5
AT&T Mobility	938	3	0.12	1,137	2	1.9
RBS Lynk Inc.	641	4	0.08	675	7	1.1
Ceridian Corporation	603	5	0.08	604	8	1.0
Autotrader.com	572	6	0.07	926	3	1.5
Dunn Southwest	550	8	0.07			
Global Payments, Inc.	496	9	0.06			
Cisco Systems, Inc.	492	10	0.06			
Internet Security Systems				753	5	1.2
ING North American Ins Corp				675	6	1.1
Coca-Cola USA Customer Care				587	9	1.0
Manheim Corporate Services, Inc.				535	10	0.9
Totals	7,562		1.0 %	8,439		13.9 %

(1) Source: Fulton County Development Authority and 2009 individual employer's business license filing
(2) Source: U.S. Bureau of Labor Statistics

CITY OF SANDY SPRINGS, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST FOUR FISCAL YEARS

Function	2009	2008	2007	2006
General government	63	62	55	120
Judicial	11	12	10	-
Public safety				
Police				
Officers	132	124	111	44
Civilians	7	15	15	2
Fire				
Firefighters (1)	140	106	105	-
Civilians	2	3	5	-
Public works				
Highways and streets	25	26	23	65
Culture and recreation	9	8	6	-
Housing and development	37	45	44	5
Total	426	401	374	236

Source: City of Sandy Springs Human Resources Department

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months. The City is gradually taking over the services provided to its citizens by Fulton County, which results in changes to the number of employees. The City hired additional employees during 2007 and 2008 as well as transferred existing employees between departments.

(1) Includes the full time equivalents for the part time positions

CITY OF SANDY SPRINGS, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TWO FISCAL YEARS

Function	2009	2008
General government		
Ordinances approved	70	108
Special events held	62	47
Court cases	59,998	28,793
Bond rating	Aa	Aa
Software applications supported	21	21
Grants managed	21	18
Police		
Calls for service	84,393	92,482
Part 1 crimes reported	3,104	3,827
Traffic citations issued	20,933	23,013
Fire		
Incident responses	9,240	8,892
Average response time	6 minutes	6 minutes
Fire safety programs conducted	575	138
Inspections conducted	3,341	2,256
Highways and streets		
Traffic signals timed	60	121
Average days to repair pothole	24 hr- emg/ 3 days	24 hr- emg/ 3 days
Community development		
Stormwater plans reviewed	65	38
New building permits issued	1,188	1,814
Parcels annexed	0	0
Culture and recreation		
Park acres maintained	225	155
Greenway acres maintained	23.3	23.3
Annual program registrants	9,010	7,250

Sources: Various City departments.
Note: Operating indicators are not available for years prior to 2008.

CITY OF SANDY SPRINGS, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST FOUR FISCAL YEARS

Function/Program	2009	2008	2007	2006
Police				
Stations (1)	1	1	1	1
Patrol Units	100	106	100	40
Patrol Zones	8	8	8	3
Fire stations				
Leased (1)	1	1	1	-
Owned	3	3	3	-
Public Works				
Streets (miles)	360	360	360	295
Traffic Signals	119	121	119	78
Culture and recreation				
Park acreage	130	130	130	-
Recreational facilities	3	3	3	-
Parks and greenspace				
Leased	2	2	2	-
Owned	10	10	10	-

Source: Various City departments.

(1) Reflects building operating lease.

Note: Fiscal year 2007 is the City's first full year of operations. The 2006 period was only 7 months. The City is gradually taking over the services provided to its citizens by Fulton County.

Capital asset indicators are not available for the following functions: general government, judicial, and housing and development.